

World Table Grape Situation and Outlook

Table grape production during the 2006 season for selected northern hemisphere table grape-producing countries is forecast up 5 percent from a year ago, while select southern hemisphere production is forecast up 1 percent. Total U.S. grape production during 2005 is estimated to be up 12 percent from the low levels of 2004. Grapes utilized in the fresh market during 2005 are estimated to increase 7 percent over the previous year's crop to 859,000 metric tons. Total California fresh-market grape production is estimated at 853,000 tons during 2005, valued at about \$570 million.

PRODUCTION

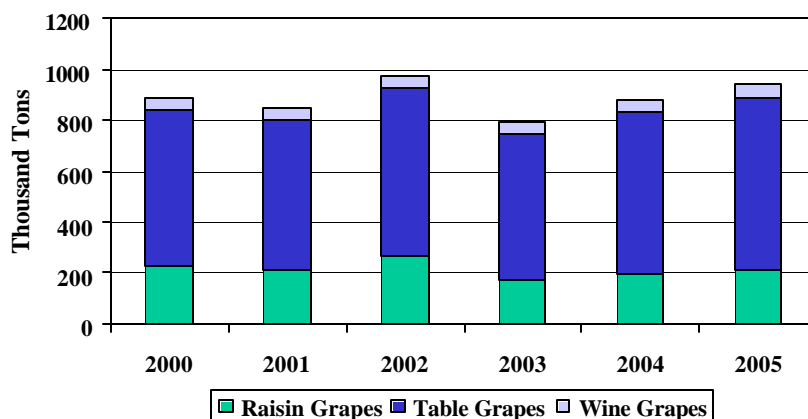
U.S. table grape production increases

In 2005, total production¹ of all grapes in the United States is estimated to be up 12 percent due to increases in production in larger grape-producing states including: California, Michigan, New York, and Washington. On Jan. 24, 2006, the National Agricultural Statistics Service (NASS) released the Non-citrus Fruits and Nuts Preliminary Summary. According to the report, total utilized grape production for 2005 totaled 6.32 million metric tons, up 12 percent from the 2004 crop.

The California crop, which accounts for 88 percent of the 2005 U.S. utilized grape production, is up 9 percent from the previous year. California, wine-type production increased 14 percent from 2004 and raisin-type production was up 3 percent. Table-type grape production increased 8 percent. The average price for California grapes utilized for the table-grape market decreased \$322 per short ton, averaging only \$373. Larger production

California Fresh-Market Grape Utilization

(Short Tons)



Source: National Agricultural Statistics Service, USDA
Non-citrus Fruits and Nuts Preliminary published January 2006

¹ Includes grapes grown for wine, juice, raisins, and fresh-market

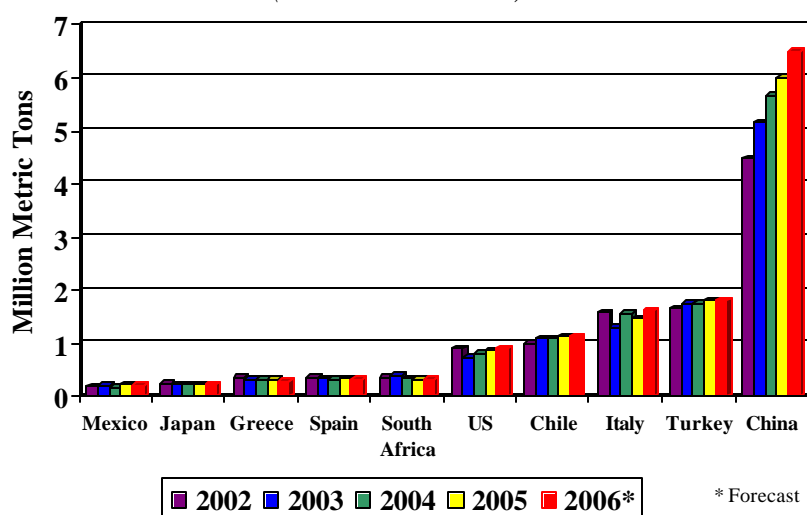
combined with lighter demand for alternative uses for table grapes depressed prices. According to the March 10, 2006, crop production report there was no mention of unusual weather.

World table grape production increasing

World production of fresh table grapes in selected countries² is up 4 percent for 2005 at 12.6 million tons. This year's (calendar year (CY) 2006) production forecast is for an additional increase of about 5 percent at levels around 13.3 million tons. U.S. CY 2006 production is forecast to increase 4 percent. Southern hemisphere production this year is expected to increase 1 percent while the northern hemisphere countries are also expected to be up, posting a 5-percent increase. China continues to be the big factor in the ever increasing world production total (up 490,000 tons). Italy is also expected to contribute more grapes to the world total, with an increase in production expected to be nearly 140,000 additional tons.

According to the Food and Agriculture Organization (FAO), Spain had greatest acreage of grapes grown during 2005 (grapes for fresh consumption, wine, raisins, and grape juice). France, Italy, Turkey, China, and the United States follow Spain. However, China leads the world in grapes grown specifically for fresh-market consumption. Turkey is a distant second, with about 35 percent of its total grape production utilized for the fresh market. The United States ranks fifth.

World Fresh Table Grape Production (Select Countries)



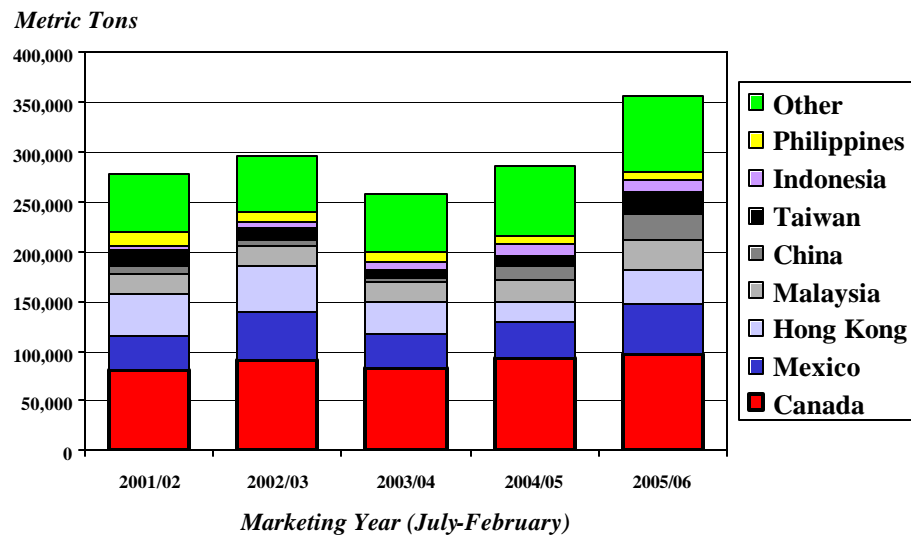
² Production, supply and demand are reported by post on a calendar year.

TRADE

U.S. exports increase

During marketing year (MY) 2005/06 (July-June), overall year-round trade in table grapes is expected to continue increasing, keeping more varieties and choices to consumers available at the retail level. Grape imports are expected to exceed grape exports by about 270,000. Higher exports for the current marketing year are very encouraging. Fresh grapes are marketed May through February. Given available data through February 2006, total exports are more than 20 percent over last year's level for the same time period. Last year there was solid demand from Mexico, Canada, and the United Kingdom for grapes from the United States. This year, most Asian markets are showing excellent movement.

U.S. Grape Exports Showing Good Movement Through February (July 2005 – February 2006)



Source: U.S. Department of Commerce, Bureau of the Census

The California Table Grape Commission (CTGC) is the promotional arm of the California grape industry and is working to improve the international market share for the California grape grower. For example, in Canada, our largest export market for grapes, the CTGC has used the Market Access Program (MAP) funding to expand promotional periods for grapes and to encourage retailers to handle more varieties. In more challenging markets like India, the CTGC has used funds to increase the overall size of the market in an environment of increasing competition. MAP is an important market development tool used to stimulate demand and fuel table grape exports. During MY 2005/06 the USDA/FAS and the CTGC will continue to share the cost. CTGC's total MAP ceiling for 2005/06 was \$3.92 million.

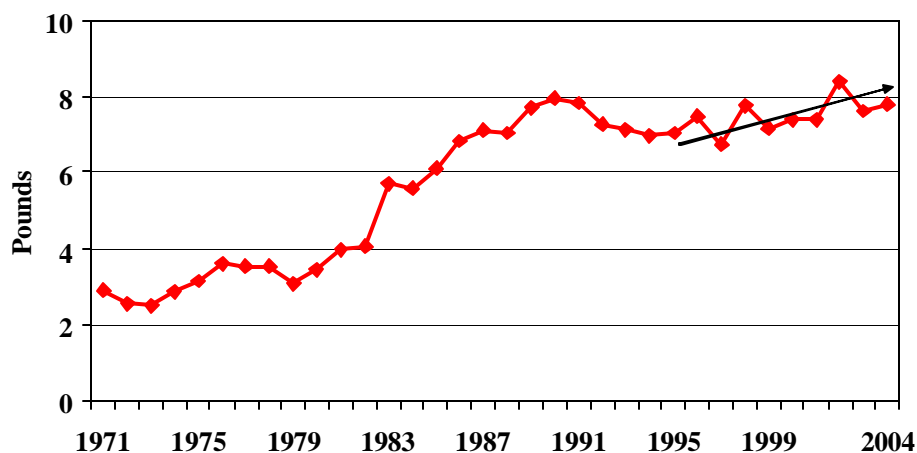
U.S. Imports increase

Imports during CY 2005 increased to over 611,000 tons, up nearly 30 percent from 2004. Imports this year, CY 2006, are forecast to increase another 6 percent to 650,000 tons. Chile and Mexico supply about 98 percent of imported table grapes, and most of these grapes enter during our off-season (December to early May). These shipments help to maintain a fresh supply of table grapes year round on the store shelves.

CONSUMPTION

According to the Economic Research Service (ERS), encouraging Americans to eat more fruits and vegetables has been a central theme of Federal dietary guidance for more than a decade. A recent Food Marketing Institute survey found that almost 70 percent of American shoppers believe their diets would be healthier if they ate more fruits and vegetables. At the same time, the growth of international trade has enabled supermarkets to keep their aisles stocked with a wide range of fresh produce on a year-round basis. For more on this topic, see ERS's publication of *Amber Waves* at <http://www.ers.usda.gov/AmberWaves/April05/Features/FruitAndVegChoices.htm>

U.S. Per Capita Fresh Grape Consumption



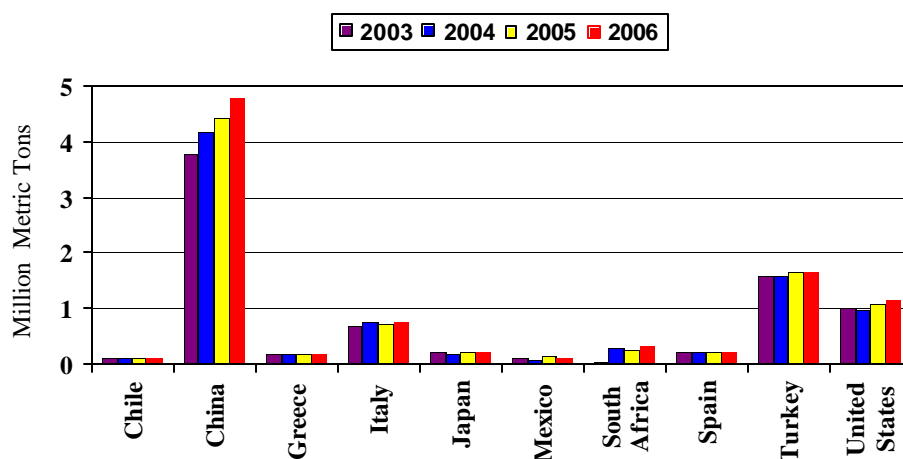
Source: Economic Research Service, USDA
Per capita numbers only approximate the trend and general level of consumption over time.
The numbers do not reflect actual year-to-year changes in consumption.

Domestic consumption in the United States is around 1 million tons. According to the ERS, per capita consumption during 2004 is estimated at 7.8 pounds, increasing almost a pound over the last 10 years. Total grape consumption in selected countries² is expected to be up 6 percent in CY 2006.

China continues to be the leading consumer of grapes, by far, with a population of 1.3 billion people. It is estimated that consumers will eat about 4.77 million tons during MY 2005/06. The Chinese mainly consume the domestically grown, low-priced red globe variety. China is beginning to target some key markets for their grape exports, including Russia, Malaysia, Indonesia, and Hong Kong. Turkey, the second largest world consumer of grapes does consume a significant amount of its own fresh-market production. Of varieties grown, it is estimated that 35 percent are Sultana. About 80 percent of the Sultanas are consumed as fresh-market grapes while 20-25 percent of the Sultanas are dried for raisins. Italy, the fourth largest consumer of fresh grapes, is expected to consume about 48 percent of grapes grown for fresh market consumption in 2006. Spain will consume over 70 percent of its domestic table grape production, exporting the rest, like Italy, to other European Union countries.

World Table Grape Consumption

Select Countries



Source: Foreign Agricultural Service Attaché Annual Reports, USDA
 * Data for 2005 and 2006 are estimates.

Sources: This information was prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of Agricultural Attachés and Counselors, results of office research, FAS/USDA estimates, and related information. U.S. production numbers are generally from the National Agricultural Statistics Service (NASS). U.S. trade numbers are generally from the U.S. Department of Commerce, Bureau of Census.

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